



Health Policy Briefing

March 14, 2016

Senate Postpones Budget Markup

Senate Budget Committee Chairman Michael B. Enzi (R-Wyo.) announced that she was postponing a markup of a fiscal year (FY) 2017 budget resolution last week and confirmed that the Budget Committee will miss the April 1 statutory target to report a budget out of committee. This indicates that Republicans will likely forgo a budget resolution and instead compile appropriations bills in accordance with the discretionary spending levels established in last year's two-year budget agreement. The budget agreement allows Sen. Enzi to file a spending allocation for the Appropriations Committee to begin markup of appropriations bills without passage of a budget resolution any time after April 15 but no later than May 15. The allocation would reflect the spending limits of the budget deal. Democratic appropriators are urging their colleagues to begin work on passing individual spending bills. Majority Leader Mitch McConnell (R-Ky.) has repeatedly said that the passage of 12 individual spending bills is a goal for Republicans this congress, though this could prove difficult given the election year's abbreviated legislative calendar. Meanwhile, House Ways and Means Chairman Kevin Brady (R-Texas), Energy and Commerce Committee Chairman Fred Upton (R-Mich.) and other authorizing committee chairmen have begun releasing details of a package of mandatory program spending cuts should the House decide to go forward with a FY 2017 budget resolution. Together, the bills would cut more than \$40 billion in spending. The Ways and Means Committee will work to advance tax-related provisions to cut down on improper payments, including those from Affordable Care Act (ACA) subsidies. The Energy and Commerce Committee will consider five bills which include provisions such as the elimination of the Prevention and Public Health Fund and scaling back of the federal match for the Children's Health Insurance Program (CHIP). The statutory target for both chambers to adopt a budget resolution is April 15.

HELP Policymakers Introduce Mental Health Legislation

Senate Health, Education, Labor and Pensions (HELP) Committee Chairman Lamar Alexander (R-Tenn.), Ranking Member Patty Murray (D-Wash.) and committee member Bill Cassidy (R-La.) have introduced legislation aimed at ensuring that those suffering from mental illness and substance abuse disorders have access to the care they need. The legislation would work to improve coordination

continued on page 2

Inside

- Senate Passes Addiction and Recovery Bill, HHS to Award \$100 Million to Combat Opioid Abuse.....2
- HHS Predicts Sharp Increase in Prescription Drug Spending.....2
- CMS Proposes Part B Drug Payment Change.....3
- Upcoming Congressional Meetings and Hearings.....3
- Recently Introduced Health Legislation.....4

continued from page 1

between federal agencies and departments that provide mental health services, and to improve accountability and evaluation of mental health programs. It would update block grants for states in an effort to ensure that federal money supports states in providing quality mental health care. The bill would also require that federal mental health programs incorporate the most up-to-date approaches for mental health treatment and require program leadership to include mental health professionals with practical experience. Finally, the legislation would work to improve training for those who care for individuals with mental illness, and promote better enforcement of mental health parity laws. The bill is more narrow in scope than the House's mental health package, and the author of the House package, Tim Murphy (R-Pa.), has criticized the Senate bill for failing to include more controversial reforms like changes to the Health Insurance Portability and Accountability Act (HIPAA) to make information sharing easier. The Senate bill is scheduled for committee markup on March 16.

Senate Passes Addiction and Recovery Bill, HHS to Award \$100 Million to Combat Opioid Abuse

The Senate passed the Comprehensive Addiction Recovery Act (CARA) by a vote of 94-1 last week. Sen. Ben Sasse (R-Neb.) was the only no vote. He expressed doubt that fighting addiction as opposed to drug trafficking was the best solution to addressing opioid abuse. CARA would offer grants to states, local governments, and nonprofit organizations to expand opioid abuse prevention efforts, increase access to substance abuse treatment programs and medication-assisted treatment, and make overdose-prevention drugs like naloxone more readily available. It includes a provision to allow Medicare to designate a single prescriber for at risk patients. S. 524 would also mandate investigations into heroin distribution and unlawful distribution of prescription opioids. Finally, it would require the creation of a national drug awareness campaign, convening of a task force to consider best practices for opioid prescribing, and expansion of disposal sites for unwanted prescription medication. A hearing on companion legislation in the House has yet to be scheduled. The U.S. Department of Health and Human Services (HHS) also announced last week that it would award \$94 million to health centers to help address the prescription drug abuse and opioid epidemic. The money will come from grants under the Affordable Care Act (ACA) and be administered by the Health Resources and Services Administration (HRSA) and will be distributed to 271 health centers across the U.S. The funding is being administered to improve access to substance abuse services, specifically in underserved areas. The investment will expand access to medication-assisted treatment and provide training and educational materials for prescribing health professionals. It will help treatment centers hire as many as 800 people who could reach up to 124,000 new patients. In related news, a study was released last week indicating that government letters informing providers that they prescribe more painkillers than their peers do not result in a change in prescribing practices. The study examined 1,525 providers prescribing on average 406 percent more Schedule II controlled substances than their peers, matched by state and specialty. Half of the group were randomly chosen to receive letters from the Centers for Medicare and Medicaid Services (CMS) informing them of how much more they were prescribing in relation to their peers. After 90 days, there was no significant difference in prescribing patterns between the group that received the letter and the group that did not.

HHS Predicts Sharp Increase in Prescription Drug Spending

New estimates from the U.S. Department of Health and Human Services (HHS) indicate that spending on prescription drugs is growing at record levels and outpacing spending on health care nationally. Prescription drug spending grew 12.6 percent in 2014, and is projected to continue to increase by approximately 7.3 percent annually through 2018. Drug spending increased just 2 percent between 2008 and 2012. Officials say that demand for more expensive medications is largely to blame for the increased spending. But because these more expensive specialty drugs are also more expensive to make, the growth in drug spending has not resulted in increased profits for pharmaceutical companies. Revenues for brand-name drugs remained relatively flat in 2014.

CMS Proposes Part B Drug Payment Change

The Centers for Medicare and Medicaid Services (CMS) has released plans for a pilot program to restructure Medicare reimbursements for Part B drugs. The new model would cut the reimbursement rate in Medicare Part B by more than half, while adding a flat rate per prescription. The reimbursement rate would drop from average sales price (ASP) plus six percent to ASP plus 2.5 percent, plus the new flat payment of \$16. The new payment system is meant to incentivize providers to prescribe higher-value drugs rather than the most expensive drugs in order to control Medicare spending on prescription medications. In 2017, CMS would expand the pilot to test what happens when providers are paid extra for prescribing drugs with the highest success rates, and to examine the effects of reducing or eliminating patient cost-sharing. Part B drugs cost a total of \$20 billion in 2015. CMS is accepting comments on the Part B payment proposal through May 9.

Upcoming Congressional Meetings and Hearings

POSTPONED: Senate Finance Committee markup to vote on the nomination of Mary Katherine Wakefield to be deputy HHS secretary; time and place TBD

House Energy and Commerce Committee Broad Review of Concussions: Initial Roundtable; 2:00 p.m., 2123 Rayburn Bldg.; March 14

House Energy and Commerce Committee vote on H.R. 4725, Common Sense Savings Act of 2016; 5:00 p.m., 2123 Rayburn Bldg.; March 14

House Science, Space, and Technology Subcommittee on Research and Technology hearing titled: “An Overview of the Budget Proposal for the National Institute of Standards and Technology for Fiscal Year 2017;” 10:00 a.m., 2318 Rayburn Bldg.; March 16

House Appropriations Labor, Health and Human Services, Education, and Related Agencies Subcommittee hearing on the budget for the National Institute of Health; 10:00 a.m., 2358-C Rayburn Bldg.; March 16

House Ways and Means Health Subcommittee hearing titled “Preserving and Strengthening Medicare;” 10:00 a.m., 1100 Longworth Bldg.; March 16

Senate Health, Education, Labor, and Pensions Committee Executive Session to consider S. , Mental Health Reform Act of 2016, S.1455, S.2256, S.480, S. ,Plan of Safe Care Improvement Act; 10:00 a.m., 106 Dirksen Bldg.; March 16

House Veterans’ Affairs Economic Opportunity Subcommittee and Health Subcommittee joint hearing on legislation to improve the authority of the Veterans Affairs secretary to hire and retain physicians and other employees of the Veterans Affairs Department; 2:00 p.m., 334 Cannon Bldg.; March 16

Senate Finance Committee hearing to “examine HealthCare.gov, focusing on a review of operations and enrollment;” 10:00 a.m., 215 Dirksen Bldg.; March 17

Senate Special Aging Committee hearing on “sudden price spikes in decades-old Rx drugs;” 10:00 a.m., 562 Dirksen Bldg.; March 17

Energy and Commerce Health Subcommittee hearing entitled “Medicare Access and CHIP Reauthorization Act of 2015: Examining Implementation of Medicare Payment Reforms;” 10:00 a.m., 2123 Rayburn Bldg.; March 17

Senate Health, Education, Labor and Pensions Committee final markup on innovation agenda; time and place TBA; April 6

Recently Introduced Health Legislation

H.R. 4723 (introduced by Rep. Jenkins of Kansas): A bill to amend the Internal Revenue Code of 1986 to provide for the recovery of improper overpayments resulting from certain Federally subsidized health insurance; to the Committee on Ways and Means; March 10

H.R. 4725 (introduced by Rep. Pitts): A bill to reduce the Federal deficit through reforms in spending under Medicaid, CHIP, and the Prevention and Public Health Fund; to the Committee on Energy and Commerce; March 10

H.R. 4728 (introduced by Rep. Smith of Washington): A bill to amend title II of the Social Security Act to expand the exception to the windfall elimination provision based on years of coverage; to the Committee on Ways and Means; March 10

S. 2646 (introduced by Sen. Burr): A bill to amend title 38, United States Code, to establish the Veterans Choice Program of the Department of Veterans Affairs to improve health care provided to veterans by the Department, and for other purposes; to the Committee on Veterans' Affairs; March 7

S. 2647 (introduced by Sen. Warren): A bill to strengthen parity in mental health and substance use disorder benefits; to the Committee on Health, Education, Labor, and Pensions; March 7

S. 2649 (introduced by Sen. Rounds): A bill to modify the treatment of the costs of health care furnished under section 101 of the Veterans Access, Choice, and Accountability Act of 2014 to veterans covered by health-plan contracts; to the Committee on Veterans' Affairs; March 8

S. 2660 (introduced by Sen. Rounds): A bill to amend title 38, United States Code, to require the Secretary of Veterans Affairs to provide for an evaluation and report on the costs of health care furnished by the Department of Veterans Affairs, and for other purposes; to the Committee on Veterans' Affairs; March 10

S. 2669 (introduced by Sen. Cornyn): A bill to amend titles XIX and XXI of the Social Security Act to require States to provide to the Secretary of Health and Human Services certain information with respect to provider terminations, and for other purposes; to the Committee on Finance; March 10